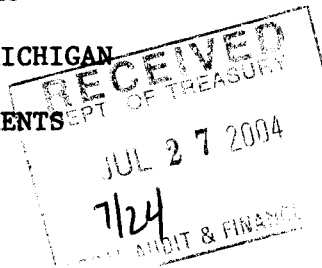


FOREST TOWNSHIP  
CHEBOYGAN COUNTY, MICHIGAN  
FINANCIAL STATEMENTS

3/04



FOR THE YEAR ENDING  
MARCH 31, 2004

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

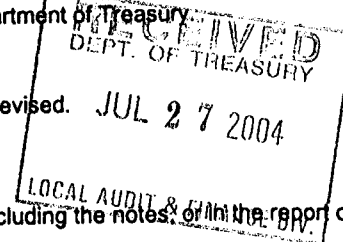
Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Forest Township	County Cheboygan
Audit Date 3-31-04	Opinion Date 7-20-04	Date Accountant Report Submitted to State: 7-26-04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations



You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☒ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	x		
Reports on individual federal financial assistance programs (program audits).			x
Single Audit Reports (ASLGU).			x

Certified Public Accountant (Firm Name) Daniel R. Nieland, C.P.A.			
Street Address 201 South Main Street	City Cheboygan	State MI	ZIP 49721
Accountant Signature <i>Daniel R. Nieland C.P.A.</i>		Date 7-22-04	

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# DANIEL R. NIELAND

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## INDEPENDENT AUDITOR'S REPORT

Township Board  
Forest Township  
Cheboygan County, Michigan

I have audited the accompanying financial statement of Forest Township of Cheboygan County, Michigan, as of and for the year ended March 31, 2004. These financial statements are the responsibility of the Township Board. My responsibility is to express an opinion on these financial statements based on my audit.

I have conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Forest Township as of March 31, 2004, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

My audit was made for the purpose of forming an opinion in the financial statements taken as a whole. The accompanying financial information listed as combining the individual fund financial data in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Forest Township. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

  
CERTIFIED PUBLIC ACCOUNTANT

July 20, 2004  
Cheboygan, Michigan 49721

GENERAL PURPOSE FINANCIAL STATEMENTS

FOREST TOWNSHIP  
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
MARCH 31, 2004

ASSETS

	<u>Governmental Fund Type</u>		<u>Account Group</u>	
	<u>General</u>	<u>Special Revenue</u>	<u>General Fixed Assets</u>	<u>Total (Memorandum) Only</u>
ASSETS:				
Cash	\$ 3,002	\$ (12)	\$	\$ 2,990
Cash - Savings	181,235			181,235
Taxes - Receivable	6,276			6,276
Loan Receivable - Fire Department	12,000			12,000
Land and Land Improvements			35,095	35,095
Bldg. and Bldg. Improvements			258,045	258,045
Machinery and Equipment			44,368	44,368
	<u>\$202,513</u>	<u>\$ (12)</u>	<u>\$337,508</u>	<u>\$540,009</u>

LIABILITIES AND FUND EQUITY

LIABILITIES:				
Accounts Payable	\$ 520	\$	\$	\$ 520
TOTAL LIABILITIES	520	-0-	-0-	520
FUND EQUITY:				
Investment in General Fixed Assets			337,508	337,508
Fund Balance	201,993	(12)		201,981
	<u>\$202,513</u>	<u>\$ (12)</u>	<u>\$337,508</u>	<u>\$540,009</u>

The accompanying notes are an integral part  
of these financial statements.

FOREST TOWNSHIP  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES  
FOR THE FISCAL YEAR ENDED MARCH 31, 2004

	<u>General Fund</u>			<u>Special Revenue Fund Types</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:						
Current Property Tax	\$ 34,000	\$ 43,900	\$ 9,900	\$	\$	\$
Swamp Tax	24,500	23,892	(608)			
State Shared Revenue	70,000	79,661	9,661			
Interest Earnings	4,000	2,411	(1,589)	578	591	13
Rents	2,400	2,620	220			
Reimbursements	1,000	568	(432)			
Refuse	12,000	10,660	(1,340)			
TOTAL REVENUES	147,900	163,712	15,812	578	591	13
EXPENDITURES:						
Current:						
Legislative	6,000	2,964	3,036			
Executive	4,300	4,060	240			
Elections	1,000	59	941			
General Ser. Adm.	65,200	138,482	(73,282)			
Law Enforcement				578	613	(35)
Fire Protection	24,500	24,500				
Public Works	37,200	19,669	17,531			
Sanitation	26,000	30,282	(4,282)			
Other Functions	18,000	16,568	1,432			
TOTAL EXPENDITURES	182,200	236,584	(54,384)	578	613	(35)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$(34,300)</u>	<u>(72,872)</u>	<u>\$(38,572)</u>	<u>\$ -0-</u>	<u>(22)</u>	<u>\$(22)</u>
FUND BALANCE - APRIL 1, 2003		<u>274,867</u>			<u>10</u>	
FUND BALANCE - MARCH 31, 2004		<u>\$201,995</u>			<u>\$ (12)</u>	

The accompanying notes are an integral part of these financial statements.

FOREST TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Forest Township conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

FUND ACCOUNTING

The accounts of the township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into generic fund types and broad fund categories as follows:

Government Funds

General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Fiduciary Funds

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the Township in a Trustee capacity for other governments, and/or other funds. Agency Funds are custodial in nature and do not involve measurement of results of operations. On March 31, 2000, all current tax collection funds were disbursed, therefore, no balance sheet presentation has been made.

In addition to the above government funds, the Township also maintains two account groups as described below:

Fixed Assets

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

General Long-Term Debt

This account group is used to account for outstanding principal balances of general obligation bonds and other long-term debt not reported in proprietary funds.

The account groups is not a "fund." It is concerned only with the measurement of financial position. It is not involved with measurement of results of operations.



FOREST TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting is related to the timing of the measurement made, regardless of the measurement of focus applied.

All government funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales tax are considered "measurable" when in the hand of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Property Taxes

Property taxes are assessed as of December 31, and the related property taxes become a lien on December 1, of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the County tax rolls.

The tax calendar applicable to the tax collection shown in the Current Tax Collection Fund are as follows:

Assessed	December 31, 2002
Billed	December 1, 2003
Due	February 14, 2004
Added to County Rolls	February 28, 2004

Budgets and Budgetary Accounting

The Township follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to the beginning of the fiscal year, the Clerk submits to the Township Board a proposed operating budget for the following fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted in the Township to obtain taxpayer comments.
3. Prior to the beginning of the fiscal year, the budget is legally enacted through acceptance by the Board.
4. The Township Board periodically reviews expenditures and compares to budget in compliance with P.A. 621 of 1978. Budget amendments are approved as necessary.
5. The Township is in substantial compliance with P.A. 621 of 1978.

FOREST TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

NOTE B - COMPARATIVE DATA

Comparative data from March 31, 2003, has not been presented because that period has not been audited. Presentation of unaudited comparative data along with current audited financial statements could be misleading to the reader of these statements.

NOTE C - REPORTING ENTITY

The reporting entity shown in these financial statements is Forest Township in Cheboygan County. These statements reflect all revenue and expenditures over which the Township Board has control. There are no authorities, related boards or non-profit corporations over which the Board has control. The Township does transfer funds to the Oneway Area Ambulance Service Board. The Board, however, has no control over these funds after transfer. These statements, therefore, are comprehensive of the Township activity. The Township is also part of a joint venture for fire protection (See Note G).

NOTE D - LOAN RECEIVABLE FIRE DEPARTMENT

The Township loaned funds to the Forest-Waverly Fire Department (a component unit of Waverly Township) for the purpose of buying a van. The funds are being repaid at \$1,000.00 per quarter plus interest at 2.0%. The beginning balance was \$15,000.00. The loan will be paid in full.

NOTE E - COMMON CASH ACCOUNTS AND SHORT-TERM INVESTMENTS

Cash accounts consist of the following:

	<u>General</u>	<u>Liquor Law Enforcement</u>	<u>Total</u>
Common Cash - Savings	\$ 3,002	\$ (12)	\$ 2,990
Savings	<u>181,235</u>	<u>          </u>	<u>181,235</u>
	<u>\$184,237</u>	<u>\$ (12)</u>	<u>\$184,225</u>

These deposits and interest payment accounts are with one financial institution. All accounts are in the name of the Township. Interest is recorded when deposits mature or is credited to the applicable account.

Michigan Compiled Law Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions and savings and loan associations; bonds, securities and other obligations of the United States, or an agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the government National Mortgage Association; United States government or Federal Agency obligation repurchase agreements; bankers' acceptance of United States banks; mutual funds composed of investment vehicles which are legal for

- OREST TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

NOTE E - COMMON CASH ACCOUNTS AND SHORT-TERM INVESTMENTS (CONTINUED)

direct investment by local units of government in Michigan; and commercial paper rated by two standard rating agencies within the three highest classifications, which mature no more than 270 days after the date of purchase, and which involved no more than 50 percent of any one fund. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. Attorney General's Opinion Number 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan.

The Township deposits are in accordance with statutory. The Governmental Accounting Standards Board (GASB) Statement Number 3 risk disclosures of the Township's cash deposits are as follows:

<u>Deposits</u>	<u>Carrying Amount</u>
Insured (FDIC)	\$100,000
Uninsured	<u>84,225</u>
Total Deposits	<u>\$184,225</u>

NOTE F - PENSION PLAN

The Township of Forest contributes to a defined contribution pension plan.

A defined contribution plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's accounts are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account. The returns are earned on investments of these contributions

The plan calls for employee contributions of 6.0%. All contributions are 100% vested upon deposit. The plan covers all employees of Forest Township.

During the year, required contributions were made for both employee and employer shares in the amount of \$3,229.

No pension provision changes occurred during the year that affected required contributions to be made by the Township or its employees.

The plan held no securities of the Township or other related parties during the year or as of the close of the fiscal year.

FOREST TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

NOTE G - JOINT VENTURE

The Forest-Waverly Fire Department is a joint venture between Forest Township and Waverly Township which was created in accordance with Michigan P.A. No. 7 and 8 of 1967 and P. A. 10 of 1985. The Fire Department is funded equally by each Township. Board members are appointed by each Township. All management and policy decisions are the responsibility of the Fire Department Board. The Forest-Waverly Fire Department has prepared financial statements and is audited separately from the Townships. Bi-annual audited financial statements may be obtained by contacting the Fire Board Secretary or the Township Clerk.

NOTE H - BUDGET DEFICITS

Several line items show budget deficits. This has been addressed in the letter of comments and recommendations.

NOTE I - IMPLEMENTATION OF GASB STATEMENT NUMBER 34

The Governmental Accounting Standards Board (GASB) issued Statement No. 34 in July 1999. This statement requires basic changes in financial statements. The implementation date for the Township of Forest is for periods beginning after June 14, 2004. Further, the Michigan Committee on Governmental Accounting and Auditing Statement No. 7 gives local units the option not to adopt GASB No. 34 in its entirety. The Township will fully implement prior to issuance of its next required audit.

NOTE J - LIQUOR FUND DEFICIT

At year end there was a small deficit in the fund balance of the liquor fund. Recommendations have been made to correct this problem.

COMBINING INDIVIDUAL FUND AND ACCOUNT GROUPS  
FINANCIAL STATEMENTS

GENERAL FUND

FOREST TOWNSHIP  
GENERAL FUND  
BALANCE SHEET  
MARCH 31, 2004

ASSETS

ASSETS:

Cash - Checking	\$ 3,002
Cash - Savings	181,235
Taxes Receivable - Real Delinquent	6,276
Loan Receivable - Fire Department	<u>12,000</u>

TOTAL ASSETS	<u>\$202,513</u>
--------------	------------------

LIABILITIES AND FUND BALANCE

LIABILITIES:

Accounts Payable	\$ 520
------------------	--------

Total Liabilities	520
-------------------	-----

FUND BALANCE	<u>201,993</u>
--------------	----------------

TOTAL LIABILITIES AND FUND BALANCE	<u>\$202,513</u>
------------------------------------	------------------

The accompanying notes are an integral part  
of these financial statements.

FOREST TOWNSHIP  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDING MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Current Property Tax	\$ 34,000	\$ 43,900	\$ 9,900
Swamp Tax & Comm. Forest	24,500	23,892	(608)
State Shared Revenue	70,000	79,661	9,661
Interest Earnings	4,000	2,411	(1,589)
Rents	2,400	2,620	220
Reimbursements	1,000	568	(432)
Refuse	<u>12,000</u>	<u>10,660</u>	<u>(1,340)</u>
TOTAL REVENUE	147,900	163,712	15,812
EXPENDITURES:			
Legislative:			
Township Board	<u>6,000</u>	<u>2,964</u>	<u>3,036</u>
Township Legislative	6,000	2,964	3,036
Executive:			
Supervisor	<u>4,300</u>	<u>4,060</u>	<u>240</u>
Total Executive	4,300	4,060	240
Elections:			
Elections	<u>1,000</u>	<u>59</u>	<u>941</u>
Total Elections	1,000	59	941
General Services Administration:			
Assessor	6,500	6,739	(239)
Attorney	500	-0-	500
Clerk	6,000	6,603	(603)
Board of Review	800	1,090	(290)
Treasurer	8,000	8,768	(768)
Town Hall and Grounds	40,000	107,674	(67,674)
Cemetery	<u>3,400</u>	<u>7,608</u>	<u>(4,208)</u>
Total General Services Administration	65,200	138,482	(73,282)

The accompanying notes are an integral part  
of these financial statements.



FOREST TOWNSHIP  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDING MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES: (CONTINUED)			
Fire Protection	\$ 24,500	\$ 24,500	\$ _____
Total Fire Protection	24,500	24,500	-0-
Public Works:			
Streets and Highways	35,500	19,148	16,352
Street Lighting	<u>1,700</u>	<u>521</u>	<u>1,179</u>
Total Public Works	37,200	19,669	17,531
Sanitation:			
Sanitation	<u>26,000</u>	<u>30,282</u>	<u>(4,282)</u>
Total Sanitation	26,000	30,282	(4,282)
Other Functions:			
Health	12,000	9,944	2,056
Pension	1,500	1,500	-0-
Insurance and Bonds	4,000	4,748	(748)
Social Security	<u>500</u>	<u>376</u>	<u>124</u>
Total Other Functions	<u>18,000</u>	<u>16,568</u>	<u>1,432</u>
Total Expenditures	<u>182,200</u>	<u>236,584</u>	<u>(54,384)</u>
Excess of Revenues Over (Under) Expenditures	<u><u>\$(34,300)</u></u>	(72,872)	<u><u>\$ 38,572</u></u>
FUND BALANCE - APRIL 1, 2003		<u>274,865</u>	
FUND BALANCE - MARCH 31, 2004		<u><u>\$201,993</u></u>	

The accompanying notes are an integral part  
of these financial statements.

SPECIAL REVENUE FUNDS

FOREST TOWNSHIP  
SPECIAL REVENUE FUNDS  
BALANCE SHEET  
LIQUOR LAW ENFORCEMENT  
MARCH 31, 2004

	<u>Liquor Law Enforcement</u>
ASSETS:	
Cash	\$ (12)
TOTAL ASSETS	<u>\$ (12)</u>
LIABILITIES AND FUND BALANCES:	
Fund Balance	\$ (12)
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ (12)</u>

The accompanying notes are an integral part  
of these financial statements.

FOREST TOWNSHIP  
SPECIAL REVENUE FUNDS  
LIQUOR LAW ENFORCEMENT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDING MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
State Shared Revenue	\$ 578	\$ 591	\$ 13
Total Revenue	578	591	13
EXPENDITURES:			
Law Enforcement	<u>578</u>	<u>613</u>	<u>(35)</u>
Total Expenditures	<u>578</u>	<u>613</u>	<u>(35)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -0-</u>	(22)	<u>\$ (22)</u>
FUND BALANCE - APRIL 1, 2003		<u>10</u>	
FUND BALANCE - MARCH 31, 2004		<u>\$ (12)</u>	

The accompanying notes are an integral part  
of these financial statements.

## TRUST AND AGENCY FUNDS

CURRENT TAX COLLECTION FUND - to account for current tax collections deposited to a separate account in accordance with State Department of Treasury regulations. This fund is operational only during the period current property taxes are collected and disbursed.

FOREST TOWNSHIP  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 FOR THE YEAR ENDED MARCH 31, 2004

CURRENT TAX COLLECTION FUND

	Balance 4-01-03	Additions	Deductions	Balance 3-31-04
ASSETS:				
Cash	\$ 1	\$430,065	\$430,064	\$ 2
TOTAL ASSETS	<u>\$ 1</u>	<u>\$430,065</u>	<u>\$430,064</u>	<u>\$ 2</u>
LIABILITIES:				
Due To Other Funds	\$ 1	\$ 37,722	\$ 37,721	\$ 2
Due To County		223,647	223,647	
Due To Schools		167,434	167,434	
Overpayment/Refunds		<u>1,262</u>	<u>1,262</u>	
TOTAL LIABILITIES	<u>\$ 1</u>	<u>\$430,065</u>	<u>\$430,064</u>	<u>\$ 2</u>

The accompanying notes are an integral part  
 of these financial statements.

ACCOUNT GROUPS

FOREST TOWNSHIP  
GENERAL FIXED ASSETS ACCOUNT GROUP  
MARCH 31, 2004

	<u>Balance</u> <u>4-01-03</u>	<u>Additions</u>	<u>Balance</u> <u>3-31-04</u>
Land	\$ 5,538	\$	\$ 5,538
Land Improvements	29,557		29,557
Buildings	65,582		65,582
Building Improvements	92,463	100,000	192,463
Machinery and Equipment	28,513	1,024	29,537
Office Equipment and Furniture	<u>12,750</u>	<u>2,081</u>	<u>14,831</u>
INVESTMENT IN GENERAL FIXED ASSETS	<u>\$234,403</u>	<u>\$103,105</u>	<u>\$337,508</u>

The accompanying notes are an integral part of these financial statements.



OTHER

# DANIEL R. NIELAND

CERTIFIED PUBLIC ACCOUNTANT

201 SOUTH MAIN STREET  
CHEBOYGAN, MICHIGAN 49721  
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FAX: (231) 627-6594

MEMBER  
AMERICAN INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS  
AND  
MICHIGAN ASSOCIATION OF CERTIFIED  
PUBLIC ACCOUNTANTS

July 20, 2004

Township Board  
Forest Township  
Cheboygan County  
Cheboygan, Michigan 49721

Re: Comments and Recommendations

I have examined the general purpose financial statements of Forest Township, Cheboygan County, for the year ended March 31, 2004, and have issued my report thereon dated July 20, 2004.

My examination was made in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the U.S. General Accounting Office "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions." Solely to assist in planning and performing my examination, I made a study and evaluation of the internal accounting control of Forest Township, Cheboygan County. That study and evaluation was limited to a preliminary review of the System to obtain an understanding of the control environment and the flow of transactions through the accounting system. Because I am not relying on the entity's internal control procedures to restrict my substantive tests, my study and evaluation of the internal accounting controls did not extend beyond this preliminary review phase. Accordingly, I do not express an opinion on the system of internal accounting control taken as a whole. Also, my examination made in accordance with the standards mentioned above, would not necessarily disclose material weaknesses in the system of internal accounting control.

This report and accompanying recommendations are intended solely for the use of management and should not be used for any other purpose.

1. Approval of spending at the Board level needs to be followed up by formal budget amendments.
2. The Liquor Law Enforcement fund had a deficit balance of \$12.00 at year end. For the year ending March 31, 2004; expenditures exceeded revenue by \$22.00. The Township should immediately transfer funds from the general fund to cover the deficit and make budgetary provision to subsidize any future short fall.

I would like to thank Mrs. Crowe and Mrs. Stevens for their assistance during the audit. I find their records overall in excellent condition. I also found the Township to be in very sound financial condition; which is a tribute to the present and past boards and officers. I look forward to working with your Township in the future.

Sincerely,

  
Daniel R. Nieland, C.P.A.

DRN/jb

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